NEVADA COUNTY TRANSPORTATION COMMISSION

Grass Valley · Nevada City · Nevada County · Truckee

MEMORANDUM

TO: The Nevada County Transportation Commission

FROM: Daniel B. Landon, Executive Director

SUBJECT: Executive Director's Report for the September 21, 2011 Meeting

DATE: September 8, 2011

1. FY 2011/12 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM (RTIP)

The purpose of this information is to provide Nevada County Transportation Commission (NCTC) members with an understanding of the background for the FY 2011/12 RTIP and the 2012 State Transportation Improvement Program (STIP).

Regional Transportation Planning Agencies (RTPAs), such as the NCTC, are tasked with integrating the planning efforts of cities, counties, and Caltrans into a Regional Transportation Plan (RTP). The funds for transportation improvements identified in the RTP are the glue that keeps the local, regional, and state agencies working together.

NCTC submits regional transportation projects to the California Transportation Commission (CTC) for funding in a list called the RTIP. Projects from each county are approved by the CTC and are combined into a statewide document called the STIP. The RTIP and STIP are five-year programs proposing projects at the county and state levels that are updated every two years. When the CTC adds projects from the regional programs into the STIP, a schedule for proposed funding is established and these projects are considered "programmed." A project must be programmed into the STIP to be given funding by the CTC.

The diagram below shows the flow of revenues down to the regions for expenditure, and also to Caltrans for planning of projects in cooperation with the counties. Projects nominated in the RTIPs are funded through the Regional Improvement Program (RIP). The RIP receives 75% of the STIP funds and Caltrans is given 25% of the STIP funds for the Interregional Improvement Program (IIP). IIP funds are used for improvements and capacity-increasing projects outside of urban areas.

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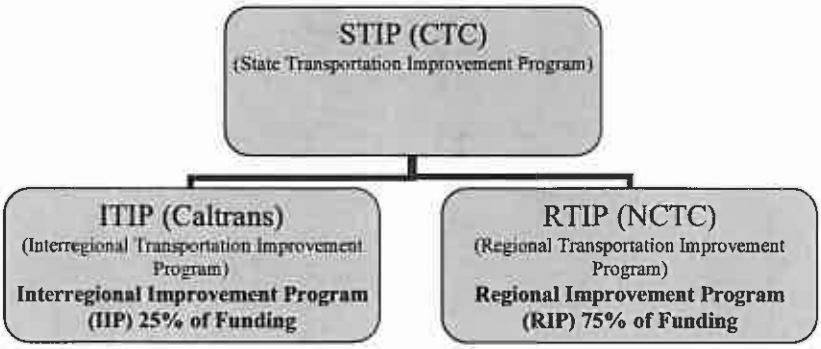
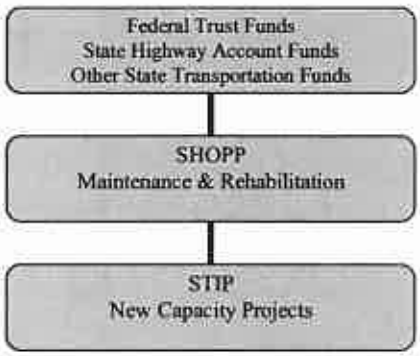


State Context: On August 10, 2011, the CTC adopted the 2012 STIP Fund Estimate (FE). The STIP FE is a biennial estimate of all resources available for the state's transportation infrastructure over the next five-year period, and establishes the funding levels for the STIP and the State Highway Operation and Protection Program (SHOPP). The 2012 STIP FE covers state FY 2011/12 through FY 2016/17. STIP capacity in the future depends primarily on retail prices and consumption of gasoline and diesel fuel. Both of these sources are difficult to forecast with any certainty under current budgetary circumstances and a struggling economy.

The SHOPP and the STIP comprise the major portion of the state's transportation infrastructure funding program. As shown in the diagram below, funding for the SHOPP has priority over funding for the STIP. Historically, the primary sources of funds for the SHOPP and STIP were user fees, including excise tax on motor vehicle fuels and weight fees from the State Highway Account (SHA), and Federal Trust Funds from federal excise tax on motor vehicle fuels. During the past few years the SHA and Federal Trust Funds became the sole funding source for a constrained SHOPP, leaving any new STIP to be funded from non-SHA sources and from federal funds not consumed by the SHOPP.



The SHOPP provides funds for maintenance and rehabilitation of more than 50,000 lane miles of state highway facilities. Although the state goal is to preserve the public investment in the existing transportation facilities, funds programmed for projects were less than the identified needs in the last ten years. The 2012 SHOPP will have a target capacity of $ 1.4 billion per year, which is down from $1.6 billion per year in the 2010 SHOPP, and $2.1 billion per year in the 2008 SHOPP. Thus, at a time when the cost of maintenance and rehabilitation is increasing, the amount the state is spending is decreasing.

The 2012 STIP FE estimates STIP program capacity of $3.4 billion over the five-year FE period. This covers the 2010 STIP and adds almost $1.4 billion of STIP capacity. However, even with the projected $1.4 billion increase, it will be necessary to move some projects programmed in FY 2012/13 of the STIP to later years where sufficient program capacity is estimated to be available.

2012 STIP Fund Estimate (FE) Program Capacity ($ in millions)								
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	5-Year Total	6-Year Total
2012 STIP FE Target Capacity	**$1,053**	**$633**	**$633**	**$683**	**$733**	**$733**	**$3,416**	**$4,468**
2010 STIP Program	924	931	506	624	0	0	2,061	2,985
Net Difference	**$129**	**($298)**	**$127**	**$59**	**$733**	**$733**	**$1,355**	**$1,483**
Cumulative Difference	**$129**	**($169)**	**($42)**	**$17**	**$750**	**$1,483**		
Estimated Capital Allocation Capacity	**$875**	**$435**	**$435**	**$460**	**$485**	**$485**		

Note: Numbers may not add due to rounding

Regional Context:

2012 STIP Fund Estimate Nevada County Summary of Targets and Shares ($ in thousands)			
	2012 STIP Programming		
	Total Target	**Maximum**	**TE Target**
County	Target Through FY 2016/17	Estimated Share Through FY 2019/20	Target Through FY 2016/17
Nevada	$8,792	$14,990	$459

Nevada County Transportation Commission's share of the almost $1.4 billion five year total programming capacity for the 2012 STIP is $8.792 million. This amount includes the $5.706 million unprogrammed balance currently held on account for NCTC. Thus, the STIP Fund Estimate proposes to add $3.086 million to the current $5.706 million unprogrammed balance. The 2012 STIP Fund Estimate also establishes maximum targets that are based on estimated capacity through FY 2019/20 and represents the maximum amount that the CTC would program in a county. For Nevada County that maximum amount is $14.99 million. In theory, if NCTC had a very compelling regional project, the CTC has discretion to program up to the $14.99 million amount. The table above also identifies the amount that NCTC has an opportunity to set aside to fund transportation enhancement projects. Transportation enhancement funds are to be used for transportation related capital improvement projects that enhance quality of life in and around transportation facilities.

The chart below shows the three projects that NCTC has programmed in the STIP as of June 30, 2011.

2011 Summary of Nevada County STIP Shares ($1,000's)								
Total County Share (6/30/11)	**23,302**							
Programmed Amount (see Projects below)	**17,596**							
Unprogrammed Share Balance	**5,706**							
			Adopted 2010 STIP				**New 2012 STIP**	
Projects:	**Total**	**Prior**	**11-12**	**12-13**	**13-14**	**14-15**	**15-16**	**16-17**
Dorsey Drive Interchange	16,660	6,105	0	10,555	0	0		
Mousehole Grade Separation	498	498	0	0	0	0		
SR 49 – La Barr Meadows Signalization & Widening *	0	0	0	0	0	0		
STIP PPM	438	0	100	81	81	81		
Total STIP Projects	**17,596**	6,603	100	10,636	81	81		

* The SR 49 – La Barr Meadows Signalization and Widening project is being matched with $10,966 of Caltrans IIP funds and has an additional $18.6 million of Proposition 1B bond funds programmed from the Corridor Mobility Improvement Account.

Dorsey Drive Interchange Project: This project is programmed for construction in FY 2012/13. In adopting the FY 2011/12 RTIP, NCTC will need to consider the current situation of construction costs and determine if the construction costs of the Dorsey Drive Interchange project exceeds the funding available.

There are currently five funding sources identified to provide the construction funding:

1. $10.555 million of RIP funds scheduled in the STIP for FY 2012/13.
2. $5.235 million of Redevelopment Agency (RDA) funds.
3. $480,000 of Regional Transportation Mitigation Fee (RTMF) funds.
4. $550,000 of Congestion Mitigation and Air Quality (CMAQ) funds.
5. $250,000 of Regional Surface Transportation Program (RSTP) funds.

$17.07 million TOTAL

Mousehole Grade Separation Project: This project was initiated in 2006 to improve the existing Union Pacific Railroad overcrossing on State Route 89. The $498,000 of RIP funds was used to match $1,000,000 of federal funds. The initial Project Approval and Environmental Documentation (PA&ED) activities have been completed and it appears that there is approximately $80,000 of unspent RIP funds that the Town of Truckee may want to move into the design component of the project. The work is coordinated through a Cooperative Agreement between NCTC, Caltrans, and the Town of Truckee.

SR 49 - La Barr Meadows Signalization and Widening Project: No funding is shown for this project in the table due to the fact that the construction will be funded with approximately $17 million of Proposition 1B bond funds and $1 million from American Recovery and Reinvestment Act funds, so no STIP funding will be utilized for construction.

STIP PPM: During each STIP cycle, each RTPA may utilize up to 5% of its RIP funds for PPM activities, such as:

- Development and preparation of the Regional Transportation Plan.
- Development of Project Study Reports or major transportation investment studies.
- Preparation of RTIPs and the studies supporting them.
- Monitoring implementation of STIP projects including project delivery, timely use of funds, and compliance with state law and CTC guidelines.

The amount of funds available to NCTC for PPM is $397,000, including the funds previously programmed in the 2010 STIP. In the FY 2011/12 RTIP, NCTC will need to program funds for PPM activities in FY 2015/16 and FY 2016/17. Based on PPM funds already programmed in the 2010 STIP, the amount available for FY 2015/16 is $47,000 and for FY 2016/17 the maximum is $107,000.

Transportation Enhancements (TE): With each STIP cycle, NCTC has the opportunity to set aside funds to be used for TE projects. TE funds are to be used for transportation-related capital improvement projects that enhance quality-of-life in or around transportation facilities. Projects must be over and above required environmental mitigation and normal transportation projects, and must be directly related to the transportation system. Previous TE projects in Nevada County have

included rehabilitation of the Bridgeport Covered Bridge, rehabilitation of the "Rainbow" Bridge on Donner Summit, construction of the Nevada County Narrow Gauge Railroad Museum, and construction of sidewalks and trails in various locations.

At the November 16, 2011 NCTC meeting, staff will bring forward recommendations for the FY 2011/12 RTIP. After the NCTC has made their final decision, the information will be submitted to the CTC on December 15th. The CTC will then hold hearings on the proposed STIP during February 2012 and adoption of the 2012 STIP is scheduled for March 2012.

2. CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT PROGRAM

In March of 2011, the Nevada County Transportation Commission (NCTC) issued a call for projects in western Nevada County that are eligible for Congestion Mitigation and Air Quality (CMAQ) funding. The total amount of CMAQ funds available for the call for projects covering FFY 2012/13 ($882,129) and FFY 2013/14 ($898,007) is approximately $1,780,136. In July, NCTC staff received applications for eligible CMAQ projects from Grass Valley, Nevada City, and Nevada County for FFY 2012/13 and FFY 2013/14. After reviewing the applications, it was determined that there was still programming capacity available in FFY 2012/13. NCTC staff will meet with the Technical Advisory Committee (TAC) to determine if there are additional projects that could be submitted to utilize all of the programming capacity. The call for projects for these two years of additional CMAQ programming will remain open until NCTC approves projects that will utilize the total funding available. NCTC staff's funding recommendations will be presented to NCTC at their November 16, 2011 meeting.

Additionally, in August 2011 NCTC received a letter from the Nevada County Department of Public Works that they would not be able to expend $130,000 of FFY 2008/09 CMAQ funding previously programmed by NCTC for the purchase of two clean diesel replacement buses. The County of Nevada had sponsored this project in coordination with Gold Country Telecare, Inc. The letter indicated that the vehicle procurement process was initially delayed due to transitional issues at Gold Country Telecare, Inc. and the procurement process was reopened in early 2011, but the bus models in the size required by Gold Country Telecare, Inc. were no longer available powered with a diesel engine. The option of procuring another type of alternative fuel vehicle was considered by Nevada County Public Works, but because the project was programmed in the 2005 Federal State Transportation Improvement Program (FSTIP) period, and we are currently in the 2010 FSTIP period, the project scope in the 2005 FSTIP period could not be changed. Therefore, the Nevada County Department of Public Works notified NCTC and Caltrans that they would be de-obligating the $130,000 of FFY 2008/09 CMAQ funding. Due to the fact that these funds were programmed in the previous FSTIP period and the timing of this de-obligation, the FFY 2008/09 CMAQ funding cannot be applied to other projects and will be lost.

3. NORTH STATE SUPER REGION

The regional transportation planning agencies of sixteen Northern California counties (Nevada, Sierra, Plumas, Butte, Glenn, Colusa, Lake, Mendocino, Tehama, Lassen, Modoc, Shasta, Trinity, Siskiyou, Humboldt, and Del Norte) have joined together in a partnership for coordinated planning. This group is called the North State Super Region. Caltrans has awarded the group a $225,000 grant to conduct a study to identify transportation investments that can be made throughout the region in support of economic development.

A draft scope of work for the study (see attached) has been prepared by the Shasta County Regional Transportation Planning Agency. Goals/Objectives in the draft scope of work include the following:

- Align transportation and economic planning processes and develop joint support for North State transportation investments.
- Attract additional transportation dollars to the North State Super Region by quantifying and effectively communicating the anticipated return on state/federal investment.
- Identify alternative strategies that might mitigate or eliminate economic development barriers, and highlight emerging industries that would help limit or reduce demand on limited transportation infrastructure.

Transportation planning agencies throughout the North State Super Region are now reaching out to their economic development partners for assistance in refining the scope of work to insure that the study will have pragmatic and implementable results. After input from the economic development partners has been integrated into the study scope of work, a request for proposals will be issued and a consulting firm will be retained to conduct the study.

At the September 1, 2011 Nevada County Economic Resource Council (NCERC) meeting, NCTC Chairman Larry Jostes gave an overview of the study and invited the NCERC to participate with NCTC and the other North State Super Region members in the Transportation/Economic Study. I am working with NCERC Executive Director, Ron Moser, to set up a meeting to discuss refinements to the Transportation/Economic Study Scope of Work.

attachment

DRAFT NORTH STATE SUPER REGION

TRANSPORTATION FOR ECONOMIC DEVELOPMENT STUDY

I. OVERVIEW/BACKGROUND

Transportation is more than a convenience; it enables economic activity by connecting people, goods, services, and resources together for gainful employment and commerce. Responsive, flexible, and affordable transportation leads to increased productivity, income, property values, and tax revenues.

This effort focuses on prosperity in the 16-county North State Super Region as a factor of future planned regional transportation infrastructure. This effort aims to:

- Identify major accessibility-related obstacles and opportunities to economic activity;
- Evaluate regional transportation plans' responsiveness to existing and emerging industry;
- Design and apply the most appropriate and feasible method for calculating the economic impact of transportation investments; and
- Appraise the region's resiliency to fundamental changes in load-bearing assumptions about the future economy.

Results will be prepared to facilitate local decision making processes, encourage coordination between transportation planning and economic development sectors, and help demonstrate to state and federal funding partners the value of discretionary transportation investments in the North State.

This effort will not duplicate existing research establishing the connection between transportation spending and the economy, but rather seek to apply this knowledge to the local context of the North State Super Region. This effort will not focus on short-term jobs and expenditures at the expense of long-term, sustainable economic productivity and growth consistent with local values and priorities. This effort will not prioritize transportation projects across the NSSR, but rather address the economic impacts of regional transportation investment priorities within each respective county. Where a specific project would result in positive and marked economic impacts over a multi-county area, however, such projects will be highlighted.

II. PROBLEM STATEMENT/PROJECT JUSTIFICATION

- In these recessionary times, every transportation dollar is expected to maximize return on investment in the form of job growth and increased productivity/efficiency. Whereas the absolute return on transportation investments is typically higher in heavily urbanized regions, the relative impact of transportation dollars spent in small urban and rural regions is greatly amplified – in many instances has the power to transform a region's economic outlook. A strong business case is needed to justify discretionary state and federal funding contributions in the North State.

- Equating any and all transportation investment to increased jobs and economic activity is not a sound basis for public policy. Some investments can have negative economic impacts, amplify socio-economic inequities between regions, create long-term maintenance burdens, channel limited funding away from more economically productive investments, and/or simply transfer economic activity from one area to another within the region.

- Transportation projects by themselves are rarely the sole impetus for economic development. Research/case studies show that highest economic benefit is achieved when transportation investments are combined with specific other economic activities. Insufficient interaction and coordination exists between transportation and economic development planning processes in the North State to fully capture this potential.

III. GOALS/OBJECTIVES

- Align transportation and economic planning processes and develop joint support/action toward North State transportation investments – This effort seeks to identify those projects where transportation investments/policies, economic development/polices, and other relevant factors (i.e. quantity and quality of the labor force, quality of life, proximity to markets, private sector investment, and access to raw materials) would deliver the highest return on investment or other strategic economic goals (e.g. green jobs or a specific target industry). Extensive communication and exchange of information with the economic development community will be required.

- Support economic growth where it matters most – This effort is meant to provide practical, results-focused investment and policy guidance. Some industries will continue to grow with or without aggressive transportation investments or may depend little on transportation (such as information-based industries). Some industries are failing – whether by lack of consumer demand, restrictive regulatory policies, and/or other reasons outside of ability of transportation investment to affect. This study should avoid politically influenced priorities over true economic development opportunities.

- Enhance economic self-sufficiency and autonomy – Transportation improvements in rural/small town regions often act to suppress economic activity: by facilitating retail activity outside the area that would otherwise remain in the county; by diverting through traffic; or, by acting as a physical barrier to commerce. This effort seeks investments and policies that enhance the economic sustainability and health of individual communities/regions, not just the North State.

- Plans, policies, and investments that reflect efficient market principles and avoid market distortions that under-price travel and cannot be sustained without ongoing investment/transportation subsidy. In instances where it is appropriate and/or otherwise mandated to utilize transportation-related resources to achieve more equitable access to transportation and economic opportunity, such projects should be highlighted.

- Attract additional transportation dollars to the North State Super Region by quantifying and effectively communicating anticipated return on state/federal investment – both from a North State perspective and by highlighting the significance of the region's transportation network from state/federal perspective (e.g. access to west coast ports, connection to international borders). Utilize performance measures and visual, map-based outputs where appropriate.

- As appropriate, this study may also identify alternative strategies (e.g. intelligent transportation systems) that might mitigate or eliminate economic development barriers without the high cost of constructing and maintaining new or expanded infrastructure. Similarly, this effort may also highlight emerging industries that would help limit or reduce demand on limited transportation infrastructure – i.e. support industries with high economic output but that are not transportation intensive.

IV. SCOPE OF WORK/DELIVERABLES

The relationship between transportation and economic development is well studied and documented. This effort will not duplicate this work, but rather apply this knowledge to the NSSR region based on local data and input from the transportation and economic development communities. The scope of this study is limited to the regional transportation system, including interstate freeways, state routes, bridges, and interchanges. Select local routes providing key markets access to the regional network may also be considered.

TASK #1

Evaluate North State economic landscape – In consultation with local Economic Development Corporations, Economic Development Districts, Center for Economic Development at CSU, Shasta College Divisions of Economic & Workforce Development, GIS, and Research, and other relevant stakeholders as identified, address the following topics and questions:

a) Summarize and reference available economic knowledge, data, and planning and highlight any gaps in the study area. Include matrix and map of economic development resources.
b) Document the NSSR's current industrial sectors and clusters; where are they located; what are their transportation needs; and what transportation barriers limit growth.
c) Future trends and forecasts – What are the NSSR's emerging and/or target industries? What are their transportation needs?
d) What detailed information can we learn about the flow of good in/out of the NSSR and how might this be integrated into transportation planning and travel demand modeling?

TASK #2

Identify/design appropriate economic performance measures for transportation investments - Identify and design appropriate economic performance measures with respect to state objectives, unique local characteristics/attributes, access to applicable data, and the limitations of available resources.

TASK #3

Evaluate North State transportation landscape – In consultation with regional transportation planning agencies, address the following topics and questions:

a) Evaluate and measure respective fiscally constrained RTP investment priorities from an economic cost/benefit perspective.
b) Highlight projects with benefits over multiple regions and industries.
a) Evaluate the strategic economic value of the North State's transportation network from a statewide perspective.

TASK #4

Assess the region's resiliency to fundamental changes in load-bearing assumptions about the future economy

Extract the assumptions upon which the success of the region's economic plan(s) most heavily rests, i.e. the 'load-bearing' assumptions that are most vulnerable to being overturned by plausible deviation from forecasts/projections. To what degree is the region prepared, flexible, and resilient in the face of such change? What shaping actions would help shore up uncertain assumptions in order to ensure long-term and reliable economic prosperity?

For example, should network continuity be disrupted for an extended period of time as a result of natural disaster, bridge failure, or other, what would the economic impact be? Would present and emerging industries remain viable should energy, oil, and transportation related costs substantially increase? What is the price elasticity of industry services and products, and how much of this is dependent upon the transportation costs associated with obtaining raw materials and the distribution of products/services? Is there sufficient diversity, redundancy, and overlap in the transportation and economic systems to insure against such change?

TASK #5

Develop short-term and long-term action plan for maximizing economic return on transportation network investment in the North State, highlighting partnership roles and prospective funding support programs. Focus on combined transportation and economic development efforts that would better capitalize on resources than if approached individually.

a) Develop a range of potential transportation policy/investment responses and potential to expand coordination between transportation and econ development sectors.

How far to go? Just a study and findings? Provide generalized recommendations and direction? Suggest actual specific policies and projects?

V. OTHER THOUGHTS, QUESTIONS, AND POSSIBLE CONSIDERATIONS:

- What type of outreach would economic development community like/would be most productive?
- How will this integrate with next round of respective RTP updates?
- Market access maps – how would these change as a result of transportation improvements proposed in adopted RTPs?
- How might this project help fill gaps in comprehensive economic development strategies (CEDS)?
- Focus is on the NSSR, but data/results should be able to be broken down by individual county components for local use/application.
- How will the economic influence of regions/markets adjacent of the study area be accounted for – especially considering that some of the NSSR region's may be more closely linked economically with Oregon, Nevada, or Sacramento/Bay Area regions?
- What are the most strategically important segments of the NSSR transportation network? Which segments of the network, if shut down temporarily (e.g. weather, major accident) or for a more extended period (e.g. a bridge failure, landslide, etc), what alternate routes are available and what are the economic impacts?
- Include the safety-related cost savings of certain improvements?
- Economic efficiency equals the ratio of total economic benefit to the total economic inputs required to produce and/or deliver goods and services. Economic efficiency leads to increased productivity (quantity of goods produced), which in turn increases economic development.